

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

 CEA-01 AGRE-00 L-03 /081 W

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P 100925Z DEC 76

FM AMEMBASSY DACCA

TO SECSTATE WASHDC PRIORITY 2926

LIMITED OFFICIAL USE SECTION 1 OF 2 DACCA 6254

E.O. 11652: N/A

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SUBJECT: BDG FOODGAIN POSITION AND FORECAST

SUMMARY: MESSAGE PRESENTS MISSION ESTIMATE OF CURRENT BDG FOODGRAIN STOCK POSITION, SCHEDULE OF FOODGRAIN IMPORT ARRIVALS, OFFTAKE AND PROCUREMENT RATES THROUGH JUNE 30, 1977. WHERE APPROPRIATE BDG ESTIMATES FOR SAME FACTORS ARE PRESENTED. ANALYSIS CONCLUDES WITH REAFFIRMATION OF PREVIOUSLY RECOMMENDATION THAT FY 77 TITLE I AGREEMENT SHOULD PROVIDE FOR UP TO 200,000 MT OF WHEAT WITH ARRIVAL DATES DETERMINED ON BASIS LATER UPDATED ANALYSIS. MISSION REQUESTS PROMPT NEGOTIATION INSTRUCTIONS. END SUMMARY.

1. FROM MARCH 1975 THROUGH JUNE/JULY 1976, BDG FOODGRAIN STOCKS BUILT TO UNPRECEDENTED LEVELS. BY INDIVIDUAL EFFORTS OF BDG AND FOOD SUPPLYING COUNTRIES, IMPORTS, PROCUREMENT AND OFFTAKES HAVE BEEN MANAGED SO AS TO REDUCE TOTAL FOODGRAIN STOCK TO A REASONABLE LEVEL PRIOR TO HARVEST AND PROCUREMENT THIS YEAR'S AMAN CROP. SIGNIFICANT LOSSES HAVE NOT MATERIALIZED DUE TO THESE CORRECTIVE ACTIONS PLUS IMPROVEMENTS BY BDG IN STOCK HANDLING. OF SPECIAL NOTE, WHEAT IMPORTS HAVE BEEN CURTAILED IN LAST FIVE MONTHS.

2. NOVEMBER 30, 1976 CLOSING STOCK--TWO ESTIMATES.

 A. AS OF NOVEMBER 12, 1976 USAID BEST ESTIMATE OF STOCK

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POSITION AS FOLLOWS:

STORAGE

	CAPACITY	RICE	PADDY	WHEAT	TOTAL
SILOS	225,000		58,986	58,986	
CSD'S	350,227	104,492	27,012	67,772	199,276
LSD'S	457,413	89,488	134,493	78,949	302,930
TOTAL	1,032,640	193,980	161,505	205,707	561,192

B. ON BASIS ABOVE, USAID ESTIMATE OF NOVEMBER 30,1976
CLOSING STOCK IS 500,000 MT.

C. IN CONTRAST TO ABOVE, BDG FOOD MINISTRY ESTIMATE OF STOCKS
ON HAND AS OF NOVEMBER 22 WAS AS FOLLOWS: TOTAL OF 484,000 MT
COMPOSED OF WHEAT - 202,179 MT; RICE - 178,206 MT; AND
PADDY - 103,717. WITH PADDY CONVERTED TO RICE EQUIVALENT,
TOTAL STOCKS WOULD BE ABOUT 450,000 MT. USING BDG 150,000
MT OFFTAKE ASSUMPTION FOR NOVEMBER, CLOSING STOCK AS OF
NOVEMBER 30, 1976 BY BDG ESTIMATE WOULD BE ABOUT 412,000 MT.

D. USAID ESTIMATE OF 500,000 MT AND EXTRAPOLATION
BDG ESTIMATE OF 412,000 MT VFOR NOVEMBER 30, COMPARE WITH
PREVIOUS LOW OF 215,000 MT IN NOVEMBER 1974 AND RECORD HIGH
OF 660,000 MT IN NOVEMBER 1975.

3. FOODGRAIN ARRIVALS FOR NOVEMBER 1976 THROUGH JUNE 1977:

A. USAID ESTIMATE WHEAT ARRIVALS AS FOLLOWS:

NOVEMBER	NIL
DECEMBER	50,000(AUSTRALIA)
JANUARY	60,000 MT (WFP) AND 12,000 MT (FRANCE)
FEBRUARY	48,000 MT (WFP)
MARCH	75,000 MT (EEC)
APRIL	75,000 MT (EEC) AND 42,000 MT (FY 76 TITLE II REIMBURSEMENT)
MAY/JUNE	10,000 MT (ITALY)
MAY/JUNE	40,000 MT (FRG)
TOTAL	412,000 MT

B. USAID ESTIMATE FOR RICE ARRIVALS IS 34,;600 MT FOR SAVF
PERIOD FOR GRAND TOTAL OF 446,600MT FOR PERIOD NOVEMBER
TO JUNE.

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C. BDG ESTIMATE FOR SAME PERIOD IS 443,000 MT FOR
WHEAT AND 34,600 MT FOR RICE FOR GRAND TOTAL OF 477.600 MT
NOVEMBER THROUGH JUNE.

4. BDG ESTIMATES OF DOMESTIC PROCUREMENT NOVEMBER THROUGH
JUNE:

MONTH	COMMODITY	AMOUNT
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DECEMBER 1976	PADDY (RICE EQUIVALENT)	75,000 MT
JANUARY 1977	PADDY (RICE EQUIVALENT)	125,000 MT
FEBRUARY	PADDY (RICE EQUIVALENT)	150,000 MT
MARCH	PADDY (RICE EQUIVALENT)	50,000 MT
APRIL	NIL	NIL
MAY	WHEAT	25,000 MT
JUNE	WHEAT	75,000 MT
TOTAL		500,000 MT

WHILE WE ARE SOMEWHAT SKEPTICAL OF BDG ABILITY TO PROCURE SUCH HIGH FRACTION OF COUNTRY'S WHEAT PRODUCTION, WE REMAIN OF OPINION THAT TOTAL DOMESTIC PROCUREMENT TARGET OF 500,000 MT IS FEASIBLE.

5. OFFTAKES FOR NOVEMBER THROUGH JUNE:

A. THE BDG PROJECTS OFFTAKES AT 150,000 MT/MONTH FOR THE SEVEN MONTHS DECEMBER THROUGH JUNE, WHILE USAID'S PROJECTIONS ASSUME A 110,000 MT/MONTH RATE. BOTH PROJECTIONS INCLUDE FOOD FOR WORK, WHICH IS NOW EXPECTED TO ACCOUNT FOR 200,000 MT DURING THE PERIOD. THE MAJOR UNKNOWN IS THE EFFECT OF THE MID-OCTOBER EXPANSION OF THE RATION SYSTEM (DACCA 5346). FOOD MINISTRY OFFICIAL STATED NOVEMBER 23 THAT BDG OFFICIALS HAD ANTICIPATED OCTOBER OFFTAKES AT AROUND 115,000 MT AND THAT FACT ACTUAL FIGURE WAS 143,000 MT WAS ATTRIBUTED TO THE EFFECT OF THE INCREASED COVERAGE AND QUANTITIES OFFERED IN THE RATION SYSTEM. WE BELIEVE THAT MONTHLY OFFTAKES WILL PROBABLY NOT AVERAGE AS HIGH AS 150,000 MT BUT MAY EXCEED 100,000 MT.

B. THE BDG HAS EXPRESSED STRONG INTEREST IN COMMENCING FOOD FOR WORK AS SOON AS POSSIBLE. THERE MAY BE FAIRLY SIGNIFICANT WHEAT DRAWDOWN FORFFW ACTIVITIES BEGINNING IN LATE DECEMBER. THUS, LOCALIZED SHORTAGES OF WHEAT MAY OCCUR INJANUARY AND FEBRUARY BEFORE DECEMBER/JANUARY LIMITED OFFICIAL USE

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WHEAT SHIPMENTS (PARA 3.A. ABOVE) ARE MOVED THROUGH THE SYSTEM.

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INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
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P 100925Z DEC 76
FM AMEMBASSY DACCA
TO SECSTATE WASHDC PRIORITY 2927

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6. SUMMARY ESTIMATE OF FOODGRAIN STOCK AND FORECAST. THE
FOLLOWINGESTIMATES ARE BASED UPON ABOVE PROJECTIONS:

USAID ESTIMATE	ESTIMATE BASED ON BDG PROJECTIONS	
CLOSING STOCK NOV 30, 76	500,000 MT	412,000 MT
DOMESTIC PROCUREMENT	500,000 MT	500,000 MT
IMPORTS	447,000 MT	478,000 MT
SUB-TOTAL	1,447,000 MT	1,390,000 MT
LESS OFFTAKES INCL. FFW	770,000 MT	V1,050,000 MT
CLOSING STOCK JUNE 30, 77	677,000 MT	340,000 MT

7. CONCLUSIONS AND RECOMMENDATIONS: THE PROJECTED JUNE 30
CLOSING STOCK OF ABOUT 677,000 MT SHOULD BE FULLY ADEQUATE AS
A TARGET PENDING THE ANALYSIS OF PROCUREMENT RESULTS, AMAN
AND BORO PRODUCTION AND AUS ESTIMATES. IF THERE IS EVIDENCE OF
SHORTFALLS IN THE ABOVE CALCULATIONS THEN APPROPRIATE QUANTITIES
CAN BE SUPPLIED THROUGH THE FY 77 PL 480 TITLE I AGREEMENT
OR ADVANCE CALL FORWARDS ON THE FY 77 PL 480 TITLE II FFRW
REIMBURSEMENTS. THEREFORE, THE MISSION POSITION REMAINS
(1) THAT ADDITIONAL U.S. FOODGRAINS OTHER THAN THE TITLE II
REIMBURSEMENTS FOR FY 76 FFW ARE NOT REQUIRED BEFORE
JUNE 30, 1977, AND (2) THAT THE FY 77 TITLE I AGREEMENT SHOULD
PROVIDE FOR UP TO 200,000 MT OF WHEAT WITH DELIVERY DATE TO
BE DETERMINED LATER; BUT (3), GIVEN LONG LEAD TIMES
REQUIRED TO DELIVER FOODGRAINS FROM THE US, DOMESTIC
FOODGRAIN PRODUCTION AND PROCUREMENT MUST BE CLOSELY
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WATCHED OVER NEXT SIX MONTHS TO ENSURE TIMELY RESPONSE
BY US IF SHORTFALLS IN ABOVE PROJECTIONS OCCUR,
THREATENING FOOD SHORTAGES HERE. MISSION CONTINUES TO
RECOMMEND INCLUSION OF RAW COTTON IN AGREEMENT, AS RE-
COMMENDED DACCA 5518. SEPTTEL FOLLOWS WITH SUGGESTION
CONCERNING DRAFT SELF-HELP MEASURES TRANSMITTED
STATE 273761. TO BE IN POSITION TO SHIP FOOD IF NEEDED

AND TO URGE AGRICULTURAL POLICY DECISIONS ON BDG, WE
NEED TO PROCEED NOW WITH NEGOTIATIONS FOR FY 1977
PL-480 TITLE I AGREEMENT. PLEASE PROVIDE INSTRUCTIONS
TO DO SO.

DECONTROLLED FOLLOWING 12/31/76.
MASTERS

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